

City of Shoreview

Economic Development Authority



Annual Report

2013

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ORGANIZATION AND GOVERNANCE

EDA Board

The Shoreview EDA is a five-member board appointed by the City Council. It consists of 3 members of the City Council and 2 at-large members from the community. The City Council as a whole retains final decision-making authority on all financial and budgetary matters of the EDA. In 2013, the appointed members included:

Ben Withhart, President (Council member)
Emy Johnson, Vice President (Council member)
Gene Marsh, Treasurer (At- Large)
Terry Quigley, (Council member)
Sue Denkinger (At-Large)

The Shoreview EDA regularly meets at 5 p.m. on the 2nd Monday of each month before City Council Workshop meetings in the Council Chambers at Shoreview City Hall. (Note: The EDA amended their By-Laws in December, 2013 to change the monthly meeting schedule to the 1st Monday of each month starting in January, 2014.)

Serving as Executive Director to the EDA is Assistant City Manager and Community Development Director, Tom Simonson. City Planner Kathleen Castle, Assistant to the City Manager Tessia Melvin, and Economic Development and Planning Technician Nicole Hill also provide staff support and assistance to the EDA. The EDA also utilizes the services of Kirstin Barsness of Barsness Consulting and Robert Deike of the Bradley & Deike Law Firm.

EDA Mission Statement

The mission of the Shoreview Economic Development Authority is to facilitate economic growth by supporting existing businesses, foster reinvestment in residential neighborhoods and commercial areas, and promote the creation of new business, employment and housing opportunities in order to sustain and enhance the economic vitality and quality of life in the community.

EDA Strategic Objectives

- Maintaining quality neighborhoods
- Preserving housing stock conditions
- Providing a variety of housing choices
- Retaining business and promoting expansion
- Supporting redevelopment of older commercial areas

EDA Goals

In 2013, the Shoreview EDA maintained its foundational goals and continued implementation of the work plan first adopted at the end of 2010. The EDA goals incorporate both housing and community development initiatives.

- Goal 1: To encourage quality development and redevelopment of commercial areas within the City of Shoreview.**
- Goal 2: To support and fund programs to assist Shoreview residents in retaining and maintaining their homes in Targeted Areas.**
- Goal 3: To educate both potential and current residents and businesses concerning Shoreview efforts to foster reinvestment in the community and maintain the existing high quality of life.**

ECONOMIC DEVELOPMENT

Business Expansions and Grand Openings

Shoreview is in the midst of significant economic growth bringing new retail services and dining choices, expanded housing options, and added jobs and tax base with several high profile business expansions. In 2013, many of the projects the City and EDA diligently worked on in the past few years, came to fruition and opened their doors.

PaR Systems Expansion

PaR Systems, a world leader in robotics technology systems for material handling and automation, completed in 2013 the construction of a new 48,000 square foot manufacturing facility on their headquarters campus in Shoreview. PaR Systems has 170 employees in Shoreview and over 450 employees at multiple locations worldwide. The City of Shoreview provided “fast-track” approvals of the building project and financial support of \$600,000 for site improvements funded from TIF District No. 1. No new

TIF District was created for this project as PaR Systems is located within the boundaries of TIF District No. 1. The \$5.5 million expansion will bring new jobs and provide additional manufacturing space to meet continued projected growth, such as a recent major contract to provide robotic cranes to assist with the on-going contamination clean-up of the Fukushima nuclear power plant in Japan. The company expects to grow its employment base in Shoreview by 30% over the next several years. PaR Systems is designated as a key “landmark/emerging” company in the City’s adopted Business Retention and Expansion Program (BRE).



TSI Incorporated

TSI Incorporated completed construction in 2013 of a 58,000 square foot expansion of their corporate headquarters and research/manufacturing facility. The City of Shoreview provided “fast-track” approvals of the expansion project and financial support of \$1 million through the creation of a 9-year Economic Development Tax Increment District (\$500,000 “pay as you go”) and funds from TIF District No. 1 (\$500,000). Public financing was provided to assist with site improvements including significant site constraint challenges that included installation of an underground storm water retention system. TSI is designated as a key “landmark” company in the City’s adopted Business Retention and Expansion Program (BRE).



TSI Incorporated is a global leader in the design and production of precision instruments measuring health and safety air quality, biological detection, and aerosol science, currently employing 560 world-wide including 440 highly skilled employees in Shoreview. The most recent expansion was completed to accommodate continued growth, with the company projecting a workforce addition of 180-200 employees in Shoreview in the next few years. Besides the important addition of jobs and continued growth of a key local business, the City’s \$1 million public investment brought over \$7 million in private investment adding a projected \$12.5 million in market value.



TCF Bank

TCF Bank opened a new branch facility at the corner of Lexington Avenue and Red Fox Road in early 2013. The new building was constructed on the former Sinclair gas station property, which was demolished to make way for the new bank.



The City of Shoreview assisted with the redevelopment by providing assistance through economic development funds for the demolition and clean-up remediation of the site, making it construction ready for the new bank.

Through the redevelopment project, the City was able to leverage funding for the reconstruction of Red Fox Road to support the added retail development and provide better traffic flow and safer pedestrian movements in the busy commercial area anchored by Super Target.



Trader Joe's

Trader Joe's, a popular national specialty grocery store, opened their new Shoreview location in October 2013 as the second phase of the Red Fox Retail development. The Shoreview location becomes the 7th Trader Joe's in the Twin Cities metropolitan area.

The new store is the second phase of development in the Red Fox retail area. Phase one was completed late in 2012, adding to the City's selection of dining choices and other retail services. The first phase retail center included



restaurants of Chipotle, Leeann Chin and Five Guys Burgers, plus Massage Retreat Spa and Sport Clips. The EDA helped facilitate both phases by working with developer to provide gap financing for acquisition and site improvements, providing the community with new retail services and added jobs, including additional dining choices long requested by our residents and businesses.

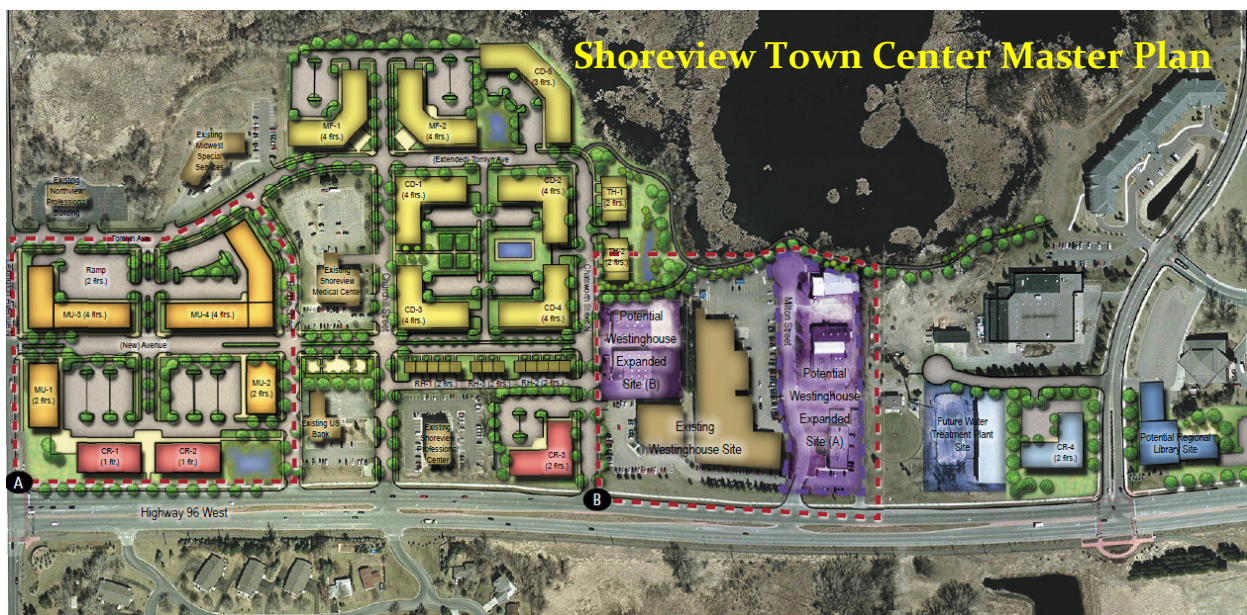
Strategic Initiatives

Special Legislation - Extension of TIF District No.1

As part of the strategic planning earlier this year for both the City Council and Economic Development Authority, a major goal established supports the City pursuing the possible legislative extension of Tax Increment District No. 1, which is set to expire in 2014.

The extension the TIF District No. 1 would require special legislation by the State Legislature. Over the years, including the most recent 2013 session, a number of cities have been successful in receiving extensions. In June, the EDA unanimously supported undertaking an effort to seek this legislative action on the extension of Tax Increment District No. 1 and authorized the City enter into an agreement for legal services with the Larkin Hoffman law firm to assist in this effort. Larkin Hoffman has represented a number of cities over the years which have at successfully obtained this type of legislation.

In reviewing both the original goals of TIF District No. 1 to redevelop older industrial properties within the district boundaries, and other City economic development and housing goals, it was concluded that the strongest justification for seeking the extension to capture and utilize additional funding resources would be for supporting the expansion of Westinghouse/Par Nuclear and the redevelopment of the Shoreview Village Mall. Both projects, linked through the overall long-range vision of the Shoreview Town Center, are considered major goals of the City and both will likely require significant public investment to assist.



Preparation of background materials and supporting data for the extension occurred in the last months of 2013. Lobbying efforts also commenced and will intensify in 2014 when the legislative session begins. The City of Shoreview will be seeking a 15-year extension to TIF District No. 1 and the Bill will be sponsored by local legislators in both the House of Representatives and the Senate. The City sees the extension as a critically important financial resource to continue economic development and business retention for growing the tax base, creating jobs, and offering new housing to sustain the high quality of life in Shoreview.

Highway Corridor Transition Study

The Economic Development Authority authorized the hiring a planning consultant to complete a study of certain residential neighborhoods located along arterial highways. The concern is that these residential land uses are no longer viable due to the noise, traffic volumes and speeds on these arterial highways. There has been a general decline in the overall conditions and maintenance of some residential properties along these highway corridors, and there appears to be a rising number of vacant/foreclosed and rental homes.

The proposed study, to be completed in 2014, would enable the EDA to identify these transitional corridors by defining “at-risk” neighborhoods, then evaluating the redevelopment potential and developing land use policies that support redevelopment while protecting the remaining adjacent land uses. In addition, a strategic action plan would then be developed that establishes policies, actions, financial information, tools and resources needed to manage future redevelopment of these areas.



Business Development Initiatives

Business Retention Visits – Coordinated by the EDC

Recognizing that Shoreview was reaching a stage of maturity as a nearly fully developed community with limited commercial land available for new economic development, the City established a strategic plan for fostering continued economic growth by focusing on retaining and growing existing key businesses. Through the adoption of the *Shoreview Business Retention and Expansion (BRE) Program*, the City developed a comprehensive and proactive plan to strengthen relationships with the local business community, especially key landmark and emerging companies deemed critical in providing significant jobs and economic tax base that benefit the overall quality of life in Shoreview.

The *Shoreview BRE Program* was created by the City Council, carried out through the work of the advisory Economic Development Commission based on several economic factors:

- Local business and industry provide the economic foundation that supports the City’s high quality of life
- Shoreview has transitioned from a growing suburb to a redeveloping community
- Limited vacant land availability necessitated a new approach to growing business, creation jobs, providing services, and expanding tax base
- Reinvestment and redevelopment have become key components to the long-range strategic economic plan

Since the adoption of the BRE program, teams consisting of the Mayor, City Council members, Economic Development Commission members, and City staff have conducted over two dozen in-person visits to top businesses to better understand their concerns and needs to succeed and grow in Shoreview. A number of these business visits have resulted directly in business retention and expansion projects through private-public partnerships developed between the City government and our businesses.

At the direction of the Economic Development Commission and Economic Development Authority, the City expanded the BRE list to a second tier of identified emerging companies with the potential for growth. In 2013, City officials visited Allied Generators, American Metro, Promet International, and Hed Cycling.



City BRE visit to Lion Precision in celebration of Manufacturer's Day in Minnesota. Left to right: Jim Gardner (EDC), Shanda Osiecki (Lion Precision), Sandy Martin (Mayor), Terry Quigley (EDA/Council), and Don Martin (Lion Precision)

EDAM Business Retention Project of the Year Awarded to Shoreview

The City of Shoreview, led by the City Council, and with support of the Economic Development Authority and Economic Development Commission, are committed to continue implementing and expanding the BRE program and other strategic economic plans for enhancing these important local business relationships. The City continues to be proactive and responsible to ensure that Shoreview sustains and protects a strong, healthy, and positive business climate that promotes and fosters continued economic development, business growth and reinvestment in the community.

These efforts were recognized in 2013 by the Economic Development Association of Minnesota when they honored the City of Shoreview with the ***Business Retention Project of the Year Award*** for the successful expansions of PaR Systems and TSI Incorporated. These two projects resulted in the private investment of over \$12.5 million and will create in excess of 200 engineering and technical jobs.



Accepting the EDAM Award on behalf of the City of Shoreview, from left to right: Ady Wickstrom (Council), Ben Withhart (EDA President/Council), Blake Huffman (former Council/EDA President), Gene Marsh (EDA/EDC), Emy Johnson (EDA/Council), Sue Denkinger (EDA/EDC) and Jonathan Weinhausen (EDC)

Economic Gardening

The City of Shoreview has partnered with Ramsey County on a new *Economic Gardening* initiative being launched by Ramsey County in association with four other metropolitan area counties. The Regional Economic Gardening Partnership is linking selected emerging businesses with an array of resources to assist with long-term growth and job creation. The *Economic Gardening* initiative, which began in October of 2013, includes 7 Shoreview-based businesses that qualified and were selected to

participate in this program – the highest number of participating companies from any of the suburban communities in the five-county group. Shoreview participating companies include: American Metro, Hed Cycling, Lion Precision, Mead Metals, Multi-Clean, Nardini Fire Equipment, and Promet International.

Business Exchange – Hosted by EDC

As part of on-going communication and networking, the EDC hosted two Business Exchange events at the Hilton Garden Inn. These events are open to all Shoreview area businesses and offer an opportunity for interaction between the private and public sectors. There typically is not a meeting or agenda focus, but the primary purpose is to foster open communication between City officials and members of the business community in an informal social setting.

HOUSING

Housing Projects

Lakeview Terrace Apartments

In what is the first new market rental apartment project in Shoreview in decades, construction began in 2013 for the upscale Lakeview Terrace apartments located at the southeast corner of Victoria Street and County Road E. The six-story 104 unit apartment building is the end result of a private-public partnership between an ownership group from the adjacent Midland Terrace complex and the City of Shoreview. The City, through the EDA, provided approximately \$3 million in financial support for the public improvements necessary for the project through a combination of a new tax increment financing district and a Livable Communities Grant through the Metropolitan Council. The developer is investing over \$20 million into luxury apartment building, which will include a variety of amenities including underground parking, which they hope will attract young professionals and “empty-nesters” looking to downsize but remain in the community.



The redevelopment project involved the tear-down of the old Midland Plaza strip center at Owasso and Victoria Streets and the relocation of Owasso Street to align with County Road E in order to create a development parcel for the new apartments. The redevelopment will provide benefits of removing an old retail center, creating new higher end market rental housing choices for the community, and traffic safety improvements in the project area. The majority of the public road improvements are expected to be completed in late 2013, with construction of the high-end apartment building slated for completion by fall, 2014.



McGuire Property Acquisition

The City closed on the purchase of the long-time nuisance and blighted McGuire property at 3339 Victoria Street on October 1, 2013. In late 2013, the City initiated the tear-down of the structures,

clean-up of hazardous materials and debris, capping/sealing of wells and property restoration. With the purchase completed and demolition underway, the EDA will focus on the redevelopment of the property in 2014.

Any new housing plan will require going through a formal City approval process and will also involve review and input from the public, including the adjacent neighbors.

The EDA expects to finalize a development plan and sale of the property in 2014 after receiving input from the various stakeholders in the proposed project including the surrounding neighborhood and the Planning Commission. Redevelopment of the site will greatly enhance the residential area and accomplish the goal of remediating a blighted property.



Housing Program Initiatives

Shoreview Home Improvement Loan Program

To reach a larger cross section of Shoreview residents, the EDA expanded the eligible uses for the program beyond strictly energy improvements. The Loan program now incorporates eligible exterior and interior repairs. These are intended to correct deficiencies that are present with the structure and other site improvements. The improvements may improve the livability of the home, function of the operating systems, and overall appearance of the structure and property. The program is not intended for housing additions, interior remodeling, landscaping, recreational/luxury improvements, working capital, debt service or refinancing of existing debts.

Status of Loan Approvals

Since the introduction of the Shoreview Home Energy Loan Program in May 2010, the HousingResource Center has closed 14 loans, all for single family homes located in the targeted neighborhoods. The total amount of loans made is slightly over \$176,000 with the program beginning to generate additional income that can be added to the loan pool.

Met Council Housing Performance Results

The Metropolitan Council has issued the final housing performance scores for 2013. The score is determined by both information provided to the Metropolitan Council and by data they collect from other sources on various criteria relating to achievement of housing goals. Shoreview received our highest score to date in this annual report, and fares very well in comparison to other Ramsey County communities. Shown on the next page are the final scores of area communities for 2013, as compared to 2012:

Met Council Housing Performance Scores

City	Final Score 2013	Final Score 2012
Arden Hills	45	46
Falcon Heights	44	51
Little Canada	27	41
Maplewood	58	62
Mounds View	51	44
New Brighton	66	70
North St. Paul	65	46
Roseville	76	83
Shoreview	73	69
Vadnais Heights	44	46
White Bear Lake	71	66

Continuation of Existing Resources

The City of Shoreview continues to operate the *SHINE* and Rental Licensing programs. As part of the EDA's role as the City's housing agency, updates and recommendations are provided regularly by City staff.

SHINE Program

The *SHINE* program is intended to serve as an educational tool by providing property owners with information regarding the City's housing and property maintenance standards. Two neighborhoods are selected each year, one in the spring and one in the fall. This year, the two neighborhoods were inspected in the spring, totaling 137 units. In the fall, an additional 306 properties were covered in the inspection program. The program continues to serve as an excellent tool for maintaining values and standards.

Rental Licensing

Shoreview established a Rental Housing Licensing Program in the summer of 2003 to address issues associated with the increase of rental housing units within the community. This program applies to single-family attached/detached homes, townhomes, mobile homes and multi-family dwelling units that are being used as rental properties. The program addresses several issues associated with rental housing units including maintenance, use and/or activity. With regards to maintenance, licensing enables a community to ensure these units and properties are maintained in a manner that provides

decent housing for residents and upholds the property maintenance standards of the community. In 2013 the City of Shoreview issued a record 572 rental licenses.

The following table shows the increases in the number of rental licenses since the program was implemented five years ago:

Rental Licenses Issued				
2009	2010	2011	2012	2013
320	357	448	550	572

Crime Free Multi-Housing Program

Crime Free Multi-Housing (CFMH) is a program designed to make multi-family dwellings safe and desirable places to live. CFMH is pro-property manager, pro-resident and anti-crime. The program uses a three-phase approach that ensures resident friendly techniques will be applied to maintain crime prevention goals. The three components that make up the program are; 1) Management training 2) Security assessment 3) Resident training/crime watch.

The City has partnered with the Ramsey County Sheriff's Office Crime Prevention Unit to work with the Multi-Family Housing properties in the City. The City offers a discounted Rental License fee to properties that are in compliance with the CFMH program. This year, 7 of the 8 MFU properties in the City have met the requirements for the reduced Rental License fees. The City and RCSO will continue to work with the property owner and their management team that didn't meet these requirements in order to get them into compliance this year.

Code Enforcement and Abatement

The City's Code Enforcement Program primarily involves the staff responding to public complaints reporting that a property contains a use, construction or an activity that may not be in compliance with the City Zoning and/or Building Codes. Staff investigates the complaint through a site inspection and assesses whether a code compliance issue does in fact exist. If the complaint is verified, the staff then works with the individuals to achieve compliance. In some instances, legal action may be needed to achieve compliance. The following show the number of code enforcement cases in 2012-2013, and the status as of the end of the year.

Year	Total Cases	Cases Open	Cases Closed
2013	155	66	89
2012	159	21	138

Foreclosure Tracking and Monitoring

Staff gathered information about Shoreview foreclosure properties throughout the year. Utilizing the City's GIS and mapping system, staff generated and tracked the status of the number and location of foreclosure properties within Shoreview. In 2013, Shoreview experienced another decrease in foreclosures from 57 homes in 2012 to an estimated 38 housing units. The past two years have shown that the foreclosure numbers are continuing to diminish in the community.

Additional Activities

Intergovernmental Partnerships

Hoarding Response Initiative

The Economic Development Authority endorsed a Hoarding/Garbage House Response Plan designed to improve the City's response to these difficult code enforcement cases. This document is intended to serve as a guide for the agencies and staff responding to calls that may involve hoarding or garbage homes. The Plan utilizes the Clutter-Hoarding Scale (CHS), which identifies hoarding levels based on criteria associated with the structure, animals, household function, and health and safety. For each level, responding agencies have been identified along with the actions needed to bring the home into compliance with the applicable codes. In the more serious cases, the City may provide financial assistance for temporary housing and mental health services.

The City is also participating in a pilot project with the Minnesota Hoarding Project and Ramsey County to develop a more efficient and effective process in addressing hoarding.

Housing Collaborative Institute

Shoreview City staff has been active in this multi-community organization. The Housing Collaborative Institute (HCI) convenes monthly discussions on a range of suburban housing related topics. The purpose of the forum is to collaborate on issues, share talents and resources, brainstorm on policy issues, and broaden the circle of knowledge.

Greater Metropolitan Housing Corporation (GMHC)

HousingResource Center – GMHC operates the HousingResource Center™ (HRC) program which provides housing services for local communities. The City of Shoreview contracts with GMHC to provide the services of its HousingResource Center to Shoreview residents. The HRC provides Shoreview Residents extensive, high quality, and individualized assistance with their home improvement and home financing needs, including:

- Loan Information
- First Time Home Buyer Assistance
- Assistance regarding Construction Management
- Homeownership Assistance

The HRC is the administrative agent for the Shoreview Home Energy Improvement Loan Program. In this capacity they provide Shoreview residents with information about the loan program, prepare and process applications, close loans, oversee the fund disbursement process (through the Community Reinvestment Fund), and provide monthly reports.

Metropolitan Council

Livable Communities Participation – The Metropolitan Council has implemented several housing programs to ensure that life cycle and affordable housing opportunities are available in the region. The Livable Communities Act (LCA) is a voluntary, incentive-based approach to help the Twin Cities metropolitan area address affordable and lifecycle housing needs while providing funds to communities to assist them in carrying out their development plans. The City does participate in this program and has adopted affordable and life-cycle housing goals and continues to meet the required expenditures for local housing programs. As a result of this participation, Shoreview has in the past received funding to assist with redevelopment projects which provide life-cycle and affordable housing.

Family Affordable Housing Program – Shoreview also participates in Metropolitan Council’s Family Affordable Housing Program (FAHP). This program was developed to assist the Minneapolis Public Housing Authority in meeting the required replacement of 770 units in response to the 1995 Hollman consent decree. The Metropolitan Council agreed to develop 150 of these replacement units via a scattered site rental unit acquisition program in partnering communities. A Cooperation Agreement has been executed between the City of Shoreview and the Metropolitan Council which permits the Metropolitan Council to own and manage ten (10) of these units in the City.

Communication and Outreach

The Economic Development Authority continued to utilize a wide-range of communication tools to provide information and promote new programs and resources available to both businesses and residents of the community. These efforts included:

- In accordance with its’ By-Laws, the EDA hosted their Annual Business Meeting in January. The Authority elected officers, reviewed the annual financial report and commented on a draft of the 2012 Annual Report.

- ShoreViews newsletter and newspaper articles continued to highlight the housing and business developments occurring throughout the community in 2013.
- A newly formatted and improved City's website was launched allowing greater access to economic development and housing information for residents and businesses.
- Staff and representatives from the EDA and EDC attended several Shoreview-Arden Hills Business Council meetings in 2013 (co-hosted by the Twin Cities North and Saint Paul Area Chambers of Commerce). Staff was also the featured speaker at one meeting presenting information on Shoreview's economic development and business program.
- Staff met with officials from the Saint Paul Port Authority to learn more about business energy loan programs and explore how the City can help promote to the local business community.
- Mayor Martin, Council, EDC and EDA members participated and attended open house ceremonies for both PaR Systems and TSI Incorporated in celebration of their business expansions.
- Mayor Martin, Council, EDC and EDA members participated in ribbon-cutting ceremonies for TCF Bank and Trader Joe's in 2013.